STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-390

HEBRON WATER COMPANY
PROPOSED RATE CHANGE
(1,952% INCREASE IN REVENUES)

March 1, 1999

ORDER

WELCH, Chairman; NUGENT and DIAMOND; Commissioners

I. SUMMARY

In this Order we approve a stipulation among the Hebron Water Company (Company), Town of Hebron (Town), Hebron Academy (Academy), and the Maine State Department of Human Services (DHS) that allows the Company an annual revenue requirement of \$125,000, with the Academy paying \$107,667.50; non-Academy users \$9,520 and the Town, for public fire protection, \$7,812.50.

II. BACKGROUND

On May 27, 1998, the Company submitted a proposed rate schedule to increase rates by \$118,909 or 1952.2% over 1997 operating revenues, effective July 1, 1998, pursuant to 35-A M.R.S.A. § 307. The increase is needed to pay for new capital improvements and increased operating costs related to Safe Drinking Water Act compliance for filtration of surface water. Under the proposal, the Academy's annual rates would increase from \$6000 to \$71,980 (1199.7%); non-Academy users from \$25 per household to \$280 (1020% increase); and public fire protection paid by the Town from \$240 to \$37,260 (15,525%). The Commission suspended operation of the proposed rate schedule to allow further time to investigate this matter.

The Hearing Examiner granted petitions to intervene from the Academy, Town and DHS. The parties met at various time in an attempt to resolve this matter by stipulation. On January 19, 1999, the Town notified the Commission that a tentative agreement had been reached. The parties² filed a signed stipulation on February 24, 1999.

¹The Company converted to a non-profit corporation in June 1997, pursuant to Legislative action amending its charter, P. & S.L. 1997, ch. 36, so that it could obtain more favorable financing for its required improvements.

²The Public Advocate filed a late Petition to Intervene on January 6, 1999. On February 11, 1999, the Public Advocate filed a letter stating that due to his limited involvement, he would not sign the stipulation, however he did not object to it.

III. DISCUSSION AND DECISION

Under the Stipulation (attached and incorporated into this Order as Attachment 1), the Academy will pay \$107,667.50 (instead of the proposed \$71,980). This includes \$29,687 for public fire protection service to Hebron Academy. The Town will pay fire protection charges equal to 6.25% of the Company's annual revenue request or \$7,812.50 (instead of the proposed \$37,260). The parties also agree to leave this allocation of 6.25% in place for a period of six years.

Given that parties representing all affected interests reached this negotiated settlement, the terms of which appear to be reasonable, we will approve the Stipulation. The rate schedule filed by the Company on February 23, 1999 accurately reflects the Stipulation provisions and will be approved.

Accordingly, we

ORDER

- 1. That the Stipulation (attached to this Order) is approved;
- 2. That Hebron Water Company's schedule of Rates Sheet 1 (Original) filed on May 27, 1998 will not go into effect as requested; and
- 3. That Hebron Water Company's schedule of Rates Sheet 1 (Original) filed on February 23, 1999, will go into effect on March 1, 1999.

Dated at Augusta, Maine this 1st day of March, 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl Administrative Director

COMMISSIONERS VOTING FOR:

Welch Nugent Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

- 1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
- 2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
- 3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

<u>Note:</u> The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.